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11 June 1971

MEMORANDUM FOR: Chief, Executive and Planning Division

SUBJECT : Management Improvement Plan: Goals  
and Accomplishments

REFERENCE : Memo to Deputy Directors and Staff  
Chiefs dated 24 May 1971, Subject:  
Annual OMB Management Improvement  
Plans/Report, from Chief, Executive  
and Planning Division

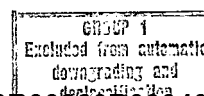
1. This Staff has carefully reviewed the management effectiveness and cost reduction goals which it established last December upon initiation of the Agency-wide Management Improvement Program to determine if those goals have been either fully or partially attained. In addition, by this review, we have attempted to evaluate the full or partial accomplishments of those goals in an effort to establish realistic goals for the future. This report summarizes our findings.

2. MODE

Each Branch and Staff member was tasked to conduct the following items of review and to report to me those specific items which I believe essential to a reasonable and accurate management review program:

a. Review existing programs and activities defined at the establishment of the management improvement program.

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b. Review the basis and/or authority for each such program or activity.

c. Reevaluate the activity program to determine its priority in relation to other requirements levied upon this Staff.

d. Determine which of the activities so defined are of lesser priority in relation to the over-all Staff effort, those which present continuing problems as a result of current manpower and budgetary constraints, and those which present a high degree of potential embarrassment to the Agency should they become a matter of public knowledge.

e. Assess the foregoing findings to determine which of the programs and activities can be eliminated or relegated to a lower priority of consideration without seriously impairing the effectiveness of the Staff in accomplishing its counterintelligence mission. Consideration was also to be given to counterintelligence risks to the Agency and the U.S. Government which would result from first, a selective reduction in current counterintelligence activities, and second, blanket reduction spread somewhat equally over all the existing activities.

f. Advise what success has resulted from goals previously established and present new or renewed goals wherever possible.

### 3. GENERAL

The resultant review of the foregoing presents rather ominous findings vis-a-vis our counterintelligence program. Over-all we have not been able to accomplish the goals which we established with some expectation last December. Whereas we have accomplished some cost savings, the resultant savings have, of operational necessity, been redirected to vital functions. Similarly, where some degree of success has been achieved in approaching the goals established earlier, input has exceeded predictions and any manpower savings achieved have not been equal to or significantly close to the equal mark to compensate for increased counterintelligence demands. A recent reduction of one Staff secretary and a

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threatened reduction of a Staff professional has further aggravated the situation. In sum, this Staff is rapidly approaching an extremely critical situation which could so disperse our efforts and so extremely limit our counterintelligence exploitation as to effectively neutralize our defensive counterintelligence mechanisms in a period of rapidly rising counterintelligence threats. We have attempted to address our efforts for the future to averting this critical stage as long as possible, reluctantly accepting greater risks and becoming more arbitrary in initial assessments of counterintelligence threats brought to our attention.

The initial assessment is, of course, the most critical which we face. To remain flexible, varying the amount of effort devoted to each counterintelligence situation, we must make arbitrary decisions on a continuing basis as to which activities are the less essential or present the lesser hazard to Agency sources and methods if confirmed to be hostile efforts of opposition services. With present limited manpower and resources and an increasing input, we must become more rigid in making this arbitrary decision, and thus opt for a higher degree of risk to the security of this Agency and the national interest. It is not a pleasant prospect.

#### 4. MANAGEMENT EFFECTIVENESS ACCOMPLISHMENTS

In our projected goals in this area, we singled out certain activities conducive to quantitative analysis. These, of course, did not reflect the totality of this Staff's operations, but will be mentioned first as a guide to where we have gone (rather than what we have attained) in the specified areas.

a. Cover Counterintelligence Assets Program (CCAP) and Special Resources Activity (SRA): We have indicated that we hoped to increase the total number of CI sources by approximately 10% during the forthcoming year (December 1970 to December 1971). This was to be accomplished with full knowledge as to the hazards our method would impose. We had determined that with current manpower the only way to increase source contact and reporting would be to decrease the number of contacts with existing sources and utilize the time-gap so earned for contact with additional sources

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in those areas where we have for some time recognized the existence of dangerous gaps in our coverage. We are only somewhat satisfied to report that during the intervening six months we have exceeded the goal established last December, in that source contacts have increased in excess of the 5% which we projected. This has not been without risk, but we have been forced to accept it. In one phase of the activity we have been fortunate in that requirements have been lessened because of operational security demands, the threat of embarrassment to the Agency being a major factor. This has allowed redirection of case officer activity to another phase where the operational security demands are outweighed to a greater degree by the counterintelligence threat which must be met.

b. All-Source Intelligence Review Activity (AIRA)/ Covert and Compartmented Source Program: We noted that input in this activity had been increasing at a rate of about 20% a year, and that by tightening our preliminary review procedures we hoped to compensate for this increase without increase in manpower. We were wrong in our projection of increased input. In less than six months the increases in input have far exceeded anything earlier anticipated, as new sources of compartmented information have been opened to us. We had realized that a danger existed in exclusion of certain information from consideration because of its lesser priority at the time of preliminary review. We were prepared to cope with the problem. However, the increased output of compartmented information negated our somewhat wishful planning. The full exploitation of these new sources of information cannot be modified; the risk to this Agency and the national interest precludes it. We were not only unable to approach the goal we established in December, we have fallen hopelessly behind. Even though we plan to be more rigid in preliminary review, at this point it would appear that without additional manpower, either new or diverted from other activities of the Staff, we will continue to fall progressively behind. For this reason, this area--though capable of quantitative measurement--will be discontinued for reporting under the management improvement program.

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not conducive to quantitative measurement. Since the real costs of operating this Staff consist almost entirely of salaries, supplies and space, it is considered that little can be cut monetarily in order to pragmatically establish goals of this nature. The only real cost reduction in this regard is, in effect, the application of management principles in obtaining more work from each professional.

Inasmuch as 100% efficiency in work performance can only be carried on for a very short period without breakdown, it is considered inappropriate to request this Staff's professionals, who are already operating at an over-all average of between 85 and 90%, to increase productivity much further. Too much pressure at one point gives way to exceedingly diminished returns. My management approach to this problem has been to stress "professionalism" and the accomplishment of the required tasks with minimum repetition, duplication and paper production. With the recent required loss of one secretary, this task has become even greater. Nine professionals in this Staff have been issued typewriters, for example, to allow their preparation of final drafts, enhancement of clarity and reduction of verbiage, prior to transmittal to secretarial personnel for final typing. This is not the desirable option in securing maximum research output from these professionals, yet it is the only option available to us in view of a severe shortage of secretarial and clerical personnel. Similarly, we have attempted over the past several years to resort to computerized research, often condensing in excess of one or two man years of research into one week of computer exploitation. Budgetary restrictions, however, have prevented expansion of this effort, limiting such research to those occasions where it can be performed at no cost to this Staff through the courtesy of Agency ADP elements which are willing to absorb such short-range costs.

The solution to the problems presented is, of course, increased manpower and budgetary allocations. We are aware that, at least for the present, this is out of the question. It remains, therefore, a management effectiveness problem, varying daily, even hourly, to meet requirements within current strictures.

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## 5. COST EFFECTIVENESS ACCOMPLISHMENTS

In our projections of last December, we noted that our management attempts to "make do" with existing manpower and budgetary assets was closely related to our cost effectiveness. I noted our use of "in-house" repair for out-of-service equipment to save costs of external repairs; this has not been the success we had hoped, but we continue our efforts in this regard. I noted also our conservation of operational supplies, through a "short supply" system, which continues to be effective. All of these steps have effected modest savings which can be redirected into other high-priority approved programs and activities. Dollar savings goals are neither honest nor realistic. Our efforts have been directed not to saving "dollars," but to giving the Agency more for "dollars" spent. One example comes to mind. Some time ago this Staff acquired a specific safehouse facility which was furnished with rented furniture. We noted that the furniture alone was costing the Agency \$600 a year in rental fees, and resolved to remove what we could project as a \$6000 expenditure over the projected life of the safehouse facility. Surplus furniture, definitely not "first line," was procured from a terminated activity, and a case officer used his personal hours to shop "bargains" for the remainder of the safehouse needs. As a result of this effort, I am pleased to say that we have had the rental furniture removed and approach the new Fiscal Year assured that the \$600 savings can be diverted to other aspects of our program or, if need be, to the rising rental costs of safehouse facilities. We have already reduced our safehouse facilities to the minimum necessary for operational exploitation, and have reduced safehouse space from bedroom apartments to efficiencies as another means of conserving Staff funds. It might appear at first glance to be a great deal of "running around" and presuming upon personal time of a case officer to effect only a \$600 annual saving. Unfortunately, we must resort to such "running around" just as we have had to resort to professionals personally typing draft reports rather than dictating them--the latter, of course, being the most effective method--to accomplish our tasks with existing assets.

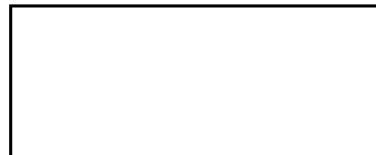
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## 6. COST AND MANAGEMENT EFFECTIVENESS GOALS

For the coming year, we find it difficult to project management effectiveness goals which can be subject to quantitative measurement. We had projected that we could "keep up" by implementing certain management reforms, albeit sacrifices to our programs. This, plainly, has not worked. We will continue to innovate and adapt on a daily basis to "keep our heads above the water," but even this must be considered a short-range management goal, since the "water" is rising much too rapidly. We would hope, in our assets program, to continue perhaps for this year and possibly the next, to increase assets within existing manpower and budget, but even this cannot continue indefinitely. We could, for example, increase our assets by 100% within manpower capabilities, but would require a 50% increase in assets program budget, which, of course, is not forthcoming in the foreseeable future. We must, therefore, strike a compromise. This we will continue to do in the assets program, just as we are forced to take calculated risks and strike compromises in our other counter-intelligence activities.

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Chief, Security Research Staff

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